

# ARTHUR ANDERSEN LLP

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor, Members of the City Commission and City Manager,  
City of Fort Lauderdale, Florida:

We have audited the accompanying general-purpose financial statements of the City of Fort Lauderdale, Florida (the "City"), as of and for the year ended September 30, 1996, as listed in the Table of Contents. These general-purpose financial statements and the supplementary financial statements and schedules referred to below are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements and the supplementary financial statements and schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 1996, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the City's internal control structure and a report on its compliance with laws and regulations, both dated December 20, 1996.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental combining individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Arthur Andersen LLP*

Fort Lauderdale, Florida,  
December 20, 1996.

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
SEPTEMBER 30, 1996

	GOVERNMENTAL FUNDS				PROPRIETARY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE
<b><u>ASSETS AND OTHER DEBITS</u></b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7,902,301	8,056,914	231,522	10,714,482	59,550,289
Investments	0	0	127,869	10,827,121	1,732,000
Receivables (Net of Allowances for Uncollectibles)					
Property Taxes	1,602,116	0	167,002	0	0
Accounts and Notes	3,803,605	100,184	0	3,819	5,546,680
Unbilled Services	0	0	0	0	2,307,703
Assessments	0	0	0	785,591	336,920
Accrued Dividends and Interest	0	0	0	0	12,918
Due from Other Funds	0	0	0	227,220	2,126,350
Due from Other Governments	1,217,100	1,822,608	0	83,800	135,281
Inventories	202,781	10,266,524	0	6,750	538,582
Restricted Assets					
Cash and Cash Equivalents	0	0	0	0	27,318,264
Investments	0	0	0	0	12,573,403
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0	281,544,331
Investment in Joint Venture	0	0	0	0	1,449,287
Deferred Bond Issuance Costs	0	0	0	0	379,704
Advances to Other Funds	364,041	0	0	328,663	100,000
Deposits	28,900	0	0	0	0
Investments of Deferred Compensation Plan	0	0	0	0	0
<b>Total Assets</b>	<b>15,120,844</b>	<b>20,246,230</b>	<b>526,393</b>	<b>22,977,446</b>	<b>395,651,712</b>
<b>OTHER DEBITS</b>					
Amount Available for Payment of General Long-Term Debt	0	0	0	0	0
Amount to be Provided for Payment of General Long-Term Debt	0	0	0	0	0
<b>Total Other Debits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>TOTAL ASSETS AND OTHER DEBITS</u></b>	<b>\$ 15,120,844</b>	<b>20,246,230</b>	<b>526,393</b>	<b>22,977,446</b>	<b>395,651,712</b>

The accompanying notes are an integral part of these financial statements.

FUNDS	FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT		1996	1995
INTERNAL SERVICE	TRUST AND AGENCY						
19,920,183	4,707	0	0	106,380,398	30,413	106,410,811	97,482,364
0	384,005,506	0	0	396,692,496	0	396,692,496	359,004,778
0	0	0	0	1,769,118	0	1,769,118	1,284,547
8,390	0	0	0	9,462,678	0	9,462,678	7,631,386
0	0	0	0	2,307,703	0	2,307,703	2,254,227
0	0	0	0	1,122,511	0	1,122,511	1,266,550
0	2,548,969	0	0	2,561,887	0	2,561,887	2,390,304
0	44	0	0	2,353,614	0	2,353,614	4,744,148
4,505	3,518	0	0	3,266,812	0	3,266,812	5,688,979
267,199	0	0	0	11,281,836	0	11,281,836	11,364,813
0	0	0	0	27,318,264	0	27,318,264	24,420,409
0	0	0	0	12,573,403	0	12,573,403	11,889,856
14,264,895	17,527	159,401,736	0	455,228,489	0	455,228,489	448,139,085
0	0	0	0	1,449,287	0	1,449,287	1,492,952
0	0	0	0	379,704	0	379,704	516,962
0	0	0	0	792,704	0	792,704	1,311,693
417,000	2,175	0	0	448,075	0	448,075	31,075
0	35,943,368	0	0	35,943,368	0	35,943,368	30,757,069
34,882,172	422,525,814	159,401,736	0	1,071,332,347	30,413	1,071,362,760	1,011,671,197
0	0	0	354,391	354,391	0	354,391	212,419
0	0	0	85,532,516	85,532,516	0	85,532,516	85,637,657
0	0	0	85,886,907	85,886,907	0	85,886,907	85,850,076
34,882,172	422,525,814	159,401,736	85,886,907	1,157,219,254	30,413	1,157,249,667	1,097,521,273

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**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
SEPTEMBER 30, 1996

	GOVERNMENTAL FUNDS				PROPRIETARY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>					
<b>LIABILITIES</b>					
Vouchers Payable	\$ 386,288	609,002	5,000	746,263	3,618,883
Contracts Payable	0	97,401	0	459,928	681,200
Accrued Payroll	1,595,579	41,882	0	0	332,221
Due to Other Funds	0	0	0	227,220	0
Due to Other Governments	174,745	0	0	3,705	33,670
Estimated Insurance Claims Payable	0	0	0	0	0
Payable from Restricted Assets					
Accrued Interest	0	0	0	0	170,591
Deposits	0	0	0	0	5,938,925
Accrued Compensated Absences and Longevity	71,597	0	0	0	3,350,780
Deposits	1,168,075	2,816,829	0	164,500	402,386
Advances from Other Funds	0	100,000	0	0	692,704
Deferred Revenue	1,950,306	1,346,419	167,002	812,430	486,525
Deferred Compensation Payable	0	0	0	0	0
Long-Term Bonds, Notes and Loans					
Bonds, Notes and Loans Payable	0	0	0	0	38,495,000
Unamortized Bond Discount	0	0	0	0	(513,008)
Special Assessment Debt with Government Commitment	0	0	0	0	0
Estimated Landfill Closure Costs	0	0	0	0	20,500,000
	<u>5,346,590</u>	<u>5,011,533</u>	<u>172,002</u>	<u>2,414,046</u>	<u>74,189,877</u>
Total Liabilities					
<b>EQUITY AND OTHER CREDITS</b>					
Contributions	0	0	0	0	113,351,863
Investment in General Fixed Assets	0	0	0	0	0
Retained Earnings					
Reserved	0	0	0	0	20,221,101
Unreserved	0	0	0	0	187,888,871
Fund Balances					
Reserved	1,825,849	10,274,029	354,391	3,960,102	0
Unreserved	7,948,405	4,960,668	0	16,603,298	0
Total Retained Earnings/Fund Balances	<u>9,774,254</u>	<u>15,234,697</u>	<u>354,391</u>	<u>20,563,400</u>	<u>208,109,972</u>
Total Equity and Other Credits	<u>9,774,254</u>	<u>15,234,697</u>	<u>354,391</u>	<u>20,563,400</u>	<u>321,461,835</u>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<u>\$ 15,120,844</u>	<u>20,246,230</u>	<u>526,393</u>	<u>22,977,446</u>	<u>395,651,712</u>

The accompanying notes are an integral part of these financial statements.

FUNDS	FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT		1996	1995
INTERNAL SERVICE	TRUST AND AGENCY						
557,128	767,649	0	0	6,690,213	0	6,690,213	7,673,635
49,687	0	0	0	1,288,216	0	1,288,216	771,168
26,445	6,263	0	0	2,002,390	0	2,002,390	1,569,945
0	2,126,394	0	0	2,353,614	0	2,353,614	4,744,148
0	6,132	0	0	218,252	0	218,252	2,210,462
15,571,419	0	0	0	15,571,419	0	15,571,419	14,936,340
0	0	0	0	170,591	0	170,591	192,408
0	0	0	0	5,938,925	0	5,938,925	2,086,513
226,454	0	0	16,302,505	19,951,336	0	19,951,336	18,375,692
0	0	0	0	4,551,790	0	4,551,790	3,887,297
0	0	0	0	792,704	0	792,704	1,311,693
0	0	0	0	4,762,682	0	4,762,682	4,059,397
0	35,943,368	0	0	35,943,368	0	35,943,368	30,757,069
0	0	0	68,037,640	106,532,640	0	106,532,640	111,842,640
0	0	0	0	(513,008)	0	(513,008)	(624,709)
0	0	0	1,546,762	1,546,762	0	1,546,762	2,734,440
0	0	0	0	20,500,000	0	20,500,000	20,500,000
16,431,133	38,849,806	0	85,886,907	228,301,894	0	228,301,894	227,028,138
12,352,373	0	0	0	125,704,236	0	125,704,236	127,194,430
0	0	159,401,736	0	159,401,736	0	159,401,736	156,993,502
0	0	0	0	20,221,101	0	20,221,101	21,206,304
6,098,666	0	0	0	193,987,537	0	193,987,537	175,142,340
0	383,676,008	0	0	400,090,379	0	400,090,379	367,292,882
0	0	0	0	29,512,371	30,413	29,542,784	22,663,677
6,098,666	383,676,008	0	0	643,811,388	30,413	643,841,801	586,305,203
18,451,039	383,676,008	159,401,736	0	928,917,360	30,413	928,947,773	870,493,135
34,882,172	422,525,814	159,401,736	85,886,907	1,157,219,254	30,413	1,157,249,667	1,097,521,273

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**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996

	<u>GOVERNMENTAL</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>REVENUES</u>		
Property Taxes	\$ 52,851,839	0
Utility Taxes	23,942,783	0
Franchise Taxes	11,238,434	0
Licenses and Permits	5,905,431	0
Fines and Forfeitures	1,697,581	1,058,320
Intergovernmental	14,532,633	7,968,546
Charges for Services	10,075,111	66,397
Other	13,698,148	470,307
Total Revenues	<u>133,941,960</u>	<u>9,563,570</u>
<u>EXPENDITURES</u>		
Current		
General Government	18,017,384	0
Public Safety	77,416,867	2,352,051
Physical Environment	3,732,590	56,798
Transportation	2,236,601	141,778
Economic Environment	914,256	6,286,727
Culture and Recreation	18,943,403	15,731
Capital Outlay	0	1,012,859
Debt Service		
Principal Retirement	0	100,000
Interest and Fiscal Charges	0	2,446
Total Expenditures	<u>121,261,101</u>	<u>9,968,390</u>
<u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u>	<u>12,680,859</u>	<u>(404,820)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Proceeds from Debt Issuance	0	0
Operating Transfers In	555,225	926,237
Operating Transfers Out	(10,050,139)	(213,387)
Total Other Financing Sources (Uses)	<u>(9,494,914)</u>	<u>712,850</u>
<u>EXCESS REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>	3,185,945	308,030
<u>FUND BALANCES - BEGINNING OF PERIOD</u>	6,774,499	14,970,102
Equity Transfers from Other Funds	0	0
Equity Transfers to Other Funds	<u>(186,190)</u>	<u>(43,435)</u>
<u>FUND BALANCES - END OF PERIOD</u>	<u>\$ 9,774,254</u>	<u>15,234,697</u>

The accompanying notes are an integral part of these financial statements.

FUNDS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
DEBT SERVICE	CAPITAL PROJECTS	PRIMARY GOVERNMENT		1996	1995
0	0	52,851,839	38,485	52,890,324	51,138,890
0	0	23,942,783	0	23,942,783	22,646,351
0	0	11,238,434	0	11,238,434	10,580,991
0	0	5,905,431	0	5,905,431	4,610,386
0	0	2,755,901	0	2,755,901	2,857,089
0	942,220	23,443,399	0	23,443,399	20,590,790
0	0	10,141,508	0	10,141,508	8,308,668
109,138	2,256,233	16,533,826	2,640	16,536,466	15,237,926
<u>109,138</u>	<u>3,198,453</u>	<u>146,813,121</u>	<u>41,125</u>	<u>146,854,246</u>	<u>135,971,091</u>
0	0	18,017,384	0	18,017,384	18,018,571
0	0	79,768,918	0	79,768,918	74,844,109
0	0	3,789,388	0	3,789,388	4,353,502
0	0	2,378,379	0	2,378,379	2,311,426
0	0	7,200,983	21,416	7,222,399	4,545,527
0	0	18,959,134	0	18,959,134	18,193,513
0	8,555,769	9,568,628	0	9,568,628	8,987,871
6,510,000	1,187,679	7,797,679	0	7,797,679	6,455,000
3,849,005	126,482	3,977,933	0	3,977,933	4,201,111
<u>10,359,005</u>	<u>9,869,930</u>	<u>151,458,426</u>	<u>21,416</u>	<u>151,479,842</u>	<u>141,910,630</u>
<u>(10,249,867)</u>	<u>(6,671,477)</u>	<u>(4,645,305)</u>	<u>19,709</u>	<u>(4,625,596)</u>	<u>(5,939,539)</u>
0	6,000,000	6,000,000	0	6,000,000	2,734,440
10,987,564	3,946,322	16,415,348	0	16,415,348	16,715,159
(595,725)	(2,820,406)	(13,679,657)	0	(13,679,657)	(12,546,588)
<u>10,391,839</u>	<u>7,125,916</u>	<u>8,735,691</u>	<u>0</u>	<u>8,735,691</u>	<u>6,903,011</u>
141,972	454,439	4,090,386	19,709	4,110,095	963,472
212,419	20,275,607	42,232,627	10,704	42,243,331	41,391,179
0	0	0	0	0	9,359
0	(166,646)	(396,271)	0	(396,271)	(120,679)
<u>354,391</u>	<u>20,563,400</u>	<u>45,926,742</u>	<u>30,413</u>	<u>45,957,155</u>	<u>42,243,331</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) -  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996

	GENERAL FUND			SPECIAL REVENUE	
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL
<b><u>REVENUES</u></b>					
Property Taxes	\$ 53,089,408	52,851,839	(237,569)	0	0
Utility Taxes	23,612,000	23,942,783	330,783	0	0
Franchise Taxes	10,840,000	11,238,434	398,434	0	0
Licenses and Permits	5,746,226	5,905,431	159,205	0	0
Fines and Forfeitures	1,146,000	1,697,581	551,581	0	0
Intergovernmental	14,612,035	14,532,633	(79,402)	8,047,751	7,968,546
Charges for Services	9,286,839	10,075,111	788,272	0	0
Other	12,687,350	13,698,148	1,010,798	300	223,754
Total Revenues	<u>131,019,858</u>	<u>133,941,960</u>	<u>2,922,102</u>	<u>8,048,051</u>	<u>8,192,300</u>
<b><u>EXPENDITURES</u></b>					
Current					
General Government	20,223,338	18,701,914	1,521,424	0	0
Public Safety	77,892,271	77,759,701	132,570	1,455,011	1,409,037
Physical Environment	4,191,012	3,738,909	452,103	41,799	56,798
Transportation	2,142,202	2,265,802	(123,600)	141,778	141,778
Economic Environment	960,303	937,405	22,898	6,334,903	6,286,727
Culture and Recreation	19,162,019	19,116,396	45,623	15,731	15,731
Capital Outlay	0	0	0	1,016,519	1,012,859
Debt Service					
Principal Retirement	0	0	0	100,000	100,000
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	<u>124,571,145</u>	<u>122,520,127</u>	<u>2,051,018</u>	<u>9,105,741</u>	<u>9,022,930</u>
<b><u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>6,448,713</u>	<u>11,421,833</u>	<u>4,973,120</u>	<u>(1,057,690)</u>	<u>(830,630)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating Transfers In	800,109	555,225	(244,884)	929,819	926,237
Operating Transfers Out	(10,701,934)	(10,050,139)	651,795	0	0
Total Other Financing Sources (Uses)	<u>(9,901,825)</u>	<u>(9,494,914)</u>	<u>406,911</u>	<u>929,819</u>	<u>926,237</u>
<b><u>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u></b>	<u>(3,453,112)</u>	<u>1,926,919</u>	<u>5,380,031</u>	<u>(127,871)</u>	<u>95,607</u>
<b><u>FUND BALANCES - BEGINNING OF PERIOD</u></b>	<u>4,963,306</u>	<u>4,963,306</u>	<u>0</u>	<u>12,203,410</u>	<u>12,203,410</u>
Encumbrances at September 30, 1995	1,111,010	1,111,010	0	795	795
Repayment of Advances to Other Funds	336,141	336,141	0	0	0
Equity Transfers to Other Funds	(186,190)	(186,190)	0	0	0
<b><u>FUND BALANCES - END OF PERIOD</u></b>	<u>\$ 2,771,155</u>	<u>8,151,186</u>	<u>5,380,031</u>	<u>12,076,334</u>	<u>12,299,812</u>

The accompanying notes are an integral part of these financial statements.



FUNDS	DEBT SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
0	0	0	0	53,089,408	52,851,839	(237,569)
0	0	0	0	23,612,000	23,942,783	330,783
0	0	0	0	10,840,000	11,238,434	398,434
0	0	0	0	5,746,226	5,905,431	159,205
0	0	0	0	1,146,000	1,697,581	551,581
(79,205)	0	0	0	22,659,786	22,501,179	(158,607)
0	0	0	0	9,286,839	10,075,111	788,272
223,454	125,500	109,138	(16,362)	12,813,150	14,031,040	1,217,890
144,249	125,500	109,138	(16,362)	139,193,409	142,243,398	3,049,989
0	0	0	0	20,223,338	18,701,914	1,521,424
45,974	0	0	0	79,347,282	79,168,738	178,544
(14,999)	0	0	0	4,232,811	3,795,707	437,104
0	0	0	0	2,283,980	2,407,580	(123,600)
48,176	0	0	0	7,295,206	7,224,132	71,074
0	0	0	0	19,177,750	19,132,127	45,623
3,660	0	0	0	1,016,519	1,012,859	3,660
0	6,510,000	6,510,000	0	6,610,000	6,610,000	0
0	4,390,914	3,849,005	541,909	4,390,914	3,849,005	541,909
82,811	10,900,914	10,359,005	541,909	144,577,800	141,902,062	2,675,738
227,060	(10,775,414)	(10,249,867)	525,547	(5,384,391)	341,336	5,725,727
(3,582)	10,862,242	10,987,564	125,322	12,592,170	12,469,026	(123,144)
0	0	(595,725)	(595,725)	(10,701,934)	(10,645,864)	56,070
(3,582)	10,862,242	10,391,839	(470,403)	1,890,236	1,823,162	(67,074)
223,478	86,828	141,972	55,144	(3,494,155)	2,164,498	5,658,653
0	212,419	212,419	0	17,379,135	17,379,135	0
0	0	0	0	1,111,805	1,111,805	0
0	0	0	0	336,141	336,141	0
0	0	0	0	(186,190)	(186,190)	0
223,478	299,247	354,391	55,144	15,146,736	20,805,389	5,658,653

**CITY OF FORT LAUDERDALE, FLORIDA**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996**

	<u>PROPRIETARY FUNDS</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 70,496,582	23,418,574
Contributions	0	0
Investment Income	0	0
Equity in Earnings of Joint Venture	52,715	0
Other	<u>8,045,088</u>	<u>1,449,858</u>
Total Operating Revenues	<u>78,594,385</u>	<u>24,868,432</u>
<u>OPERATING EXPENSES</u>		
Personal Services	20,024,165	1,709,351
Current Expenses	37,337,450	19,943,815
Benefits Paid	0	0
Refunds	0	0
Administrative Costs	0	0
Depreciation	<u>8,329,512</u>	<u>3,047,400</u>
Total Operating Expenses	<u>65,691,127</u>	<u>24,700,566</u>
Operating Income	<u>12,903,258</u>	<u>167,866</u>
<u>NON-OPERATING REVENUES AND EXPENSES</u>		
Revenues		
Interest	5,478,055	984,722
Other	<u>127,437</u>	<u>315,058</u>
Total	<u>5,605,492</u>	<u>1,299,780</u>
Expenses		
Interest and Fiscal Charges	2,353,120	0
Less Interest Capitalized	(450,824)	0
Other	<u>6,545</u>	<u>0</u>
Total	<u>1,908,841</u>	<u>0</u>
Net Non-Operating Revenues and Expenses	<u>3,696,651</u>	<u>1,299,780</u>
Income Before Operating Transfers	<u>16,599,909</u>	<u>1,467,646</u>
<u>OPERATING TRANSFERS IN (OUT)</u>		
Transfers In	170,429	0
Transfers Out	<u>(2,906,120)</u>	<u>0</u>
Total Operating Transfers In (Out)	<u>(2,735,691)</u>	<u>0</u>
<u>NET INCOME</u>	13,864,218	1,467,646
Depreciation on Contributed Fixed Assets	<u>2,531,086</u>	<u>25,862</u>
Increase in Retained Earnings/Fund Balances	<u>16,395,304</u>	<u>1,493,508</u>
<u>RETAINED EARNINGS/FUND BALANCES - BEGINNING OF PERIOD</u>	191,743,486	4,605,158
Equity Transfers to Other Funds	<u>(28,818)</u>	<u>0</u>
<u>RETAINED EARNINGS/FUND BALANCES - END OF PERIOD</u>	\$ <u><u>208,109,972</u></u>	<u><u>6,098,666</u></u>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS		TOTALS (MEMORANDUM ONLY)	
NON-EXPENDABLE TRUST	PENSION TRUST	1996	1995
0	0	93,915,156	88,372,356
0	20,529,661	20,529,661	19,847,714
721,331	39,583,958	40,305,289	34,021,568
0	0	52,715	29,441
<u>423,801</u>	<u>99,815</u>	<u>10,018,562</u>	<u>9,823,617</u>
<u>1,145,132</u>	<u>60,213,434</u>	<u>164,821,383</u>	<u>152,094,696</u>
0	0	21,733,516	22,167,577
0	0	57,281,265	59,614,093
0	22,361,539	22,361,539	20,961,077
0	620,890	620,890	821,329
469,481	1,939,163	2,408,644	2,068,783
0	4,713	11,381,625	11,031,714
<u>469,481</u>	<u>24,926,305</u>	<u>115,787,479</u>	<u>116,664,573</u>
<u>675,651</u>	<u>35,287,129</u>	<u>49,033,904</u>	<u>35,430,123</u>
0	0	6,462,777	6,961,610
<u>0</u>	<u>0</u>	<u>442,495</u>	<u>493,798</u>
<u>0</u>	<u>0</u>	<u>6,905,272</u>	<u>7,455,408</u>
0	0	2,353,120	2,673,985
0	0	(450,824)	(596,594)
0	0	6,545	43,295
<u>0</u>	<u>0</u>	<u>1,908,841</u>	<u>2,120,686</u>
<u>0</u>	<u>0</u>	<u>4,996,431</u>	<u>5,334,722</u>
<u>675,651</u>	<u>35,287,129</u>	<u>54,030,335</u>	<u>40,764,845</u>
0	0	170,429	952,989
<u>0</u>	<u>0</u>	<u>(2,906,120)</u>	<u>(5,121,560)</u>
<u>0</u>	<u>0</u>	<u>(2,735,691)</u>	<u>(4,168,571)</u>
675,651	35,287,129	51,294,644	36,596,274
<u>0</u>	<u>0</u>	<u>2,556,948</u>	<u>2,548,887</u>
675,651	35,287,129	53,851,592	39,145,161
7,879,874	339,833,354	544,061,872	505,422,672
<u>0</u>	<u>0</u>	<u>(28,818)</u>	<u>(505,961)</u>
<u>8,555,525</u>	<u>375,120,483</u>	<u>597,884,646</u>	<u>544,061,872</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996

PROPRIETARY

ENTERPRISE

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 80,906,860
Receipts from Other Funds	426,825
Other Operating Receipts	0
Payments to Suppliers	(23,966,280)
Payments for Services of Employees	(20,082,665)
Payments to Other Funds	(13,604,070)
Net Cash Provided (Used) by Operating Activities	<u>23,680,670</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Repayment of Loans to Other Funds	1,225,067
Loans from Other Funds	0
Operating Grant Receipts	1,445,599
Transfers from Other Funds	170,429
Repayment of Loans from Other Funds	(1,744,056)
Loans to Other Funds	(11,122)
Transfers to Other Funds	(2,934,938)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,849,021)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Disposal of Fixed Assets	0
Capital Contributions	626,119
Investment in Joint Venture	96,380
Acquisition and Construction of Fixed Assets	(11,236,758)
Retirement of Debt	(4,700,000)
Interest Paid on Debt	(2,263,236)
Net Cash Used by Capital and Related Financing Activities	<u>(17,477,495)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	330,700
Interest and Dividends on Investments	5,480,522
Purchase of Investments	(683,547)
Net Cash Provided by Investing Activities	<u>5,127,675</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

9,481,829

CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD

77,386,724

CASH AND CASH EQUIVALENTS - END OF PERIOD

\$ 86,868,553

CLASSIFIED AS

Unrestricted Assets	\$ 59,550,289
Restricted Assets	<u>27,318,264</u>
	\$ <u><u>86,868,553</u></u>

The accompanying notes are an integral part of these financial statements.

FUNDS	FIDUCIARY FUNDS NON-EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	
		1996	1995
INTERNAL SERVICE			
0	423,801	81,330,661	74,263,589
24,731,371	0	25,158,196	23,459,272
128,671	0	128,671	493,505
(19,753,266)	(609,947)	(44,329,493)	(42,908,384)
(1,692,067)	0	(21,774,732)	(21,394,157)
(320,527)	0	(13,924,597)	(12,892,356)
<u>3,094,182</u>	<u>(186,146)</u>	<u>26,588,706</u>	<u>21,021,469</u>
0	136,861	1,361,928	2,838,811
0	44	44	136,861
5,000	0	1,450,599	335,303
0	0	170,429	952,989
0	(136,861)	(1,880,917)	(1,459,816)
0	(44)	(11,166)	(2,252,089)
0	0	(2,934,938)	(5,624,608)
<u>5,000</u>	<u>0</u>	<u>(1,844,021)</u>	<u>(5,072,549)</u>
459,925	0	459,925	597,518
396,270	0	1,022,389	796,305
0	0	96,380	73,327
(3,848,577)	0	(15,085,335)	(15,966,503)
0	0	(4,700,000)	(4,285,000)
0	0	(2,263,236)	(2,529,825)
<u>(2,992,382)</u>	<u>0</u>	<u>(20,469,877)</u>	<u>(21,314,178)</u>
0	3,361,847	3,692,547	2,339,802
984,722	722,316	7,187,560	7,635,615
0	(3,932,416)	(4,615,963)	(3,497,486)
<u>984,722</u>	<u>151,747</u>	<u>6,264,144</u>	<u>6,477,931</u>
1,091,522	(34,399)	10,538,952	1,112,673
<u>18,828,661</u>	<u>34,399</u>	<u>96,249,784</u>	<u>95,137,111</u>
<u>19,920,183</u>	<u>0</u>	<u>106,788,736</u>	<u>96,249,784</u>
19,920,183	0	79,470,472	71,829,375
0	0	27,318,264	24,420,409
<u>19,920,183</u>	<u>0</u>	<u>106,788,736</u>	<u>96,249,784</u>

Continued on next page

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996

PROPRIETARY

ENTERPRISE

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES

OPERATING INCOME

\$ 12,903,258

ADJUSTMENTS TO RECONCILE OPERATING INCOME TO  
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Depreciation	8,329,512
Loss on Sales of Investments	0
Interest and Dividends on Investments	0
Equity in Earnings of Joint Venture	(52,715)
Changes in Assets and Liabilities	
(Increase) Decrease in Receivables	
Accounts	(1,344,490)
Unbilled Service	(53,476)
Accrued Dividends and Interest	0
(Increase) Decrease in Inventories	(18,756)
Decrease in Deferred Bond Issue Costs	137,258
Increase in Deposits	0
Increase (Decrease) in Vouchers Payable	(382,687)
Increase (Decrease) in Accrued Payroll	64,341
Increase in Due to Other Governments	30,866
Increase in Estimated Insurance Claims Payable	0
Increase in Deposits Payable from Restricted Assets	3,852,412
Increase (Decrease) in Accrued Compensated Absences and Longevity	(122,841)
Increase (Decrease) in Deposits	385,734
Decrease in Deferred Revenue	(47,746)
Total Adjustments	<u>10,777,412</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\$ 23,680,670

RECONCILIATION OF CASH AND CASH EQUIVALENTS OF FIDUCIARY FUNDS

Non-expendable Trust Funds  
Pension Trust Funds  
Agency Funds

CASH AND CASH EQUIVALENTS - FIDUCIARY FUNDS

The accompanying notes are an integral part of these financial statements.

FUNDS INTERNAL SERVICE	FIDUCIARY FUNDS NON-EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	
		1996	1995
167,866	675,651	13,746,775	5,622,523
3,047,400	0	11,376,912	11,026,813
0	0	0	8,775
0	(722,316)	(722,316)	(671,707)
0	0	(52,715)	(29,441)
(8,390)	0	(1,352,880)	177,884
0	0	(53,476)	(64,043)
0	985	985	(12,641)
91,734	0	72,978	71,421
0	0	137,258	154,945
(417,000)	0	(417,000)	0
(439,791)	(140,466)	(962,944)	2,145,005
3,879	0	68,220	(4,516)
0	0	30,866	0
635,079	0	635,079	1,777,336
0	0	3,852,412	86,988
13,405	0	(109,436)	777,936
0	0	385,734	(16,809)
0	0	(47,746)	(29,000)
2,926,316	(861,797)	12,841,931	15,398,946
3,094,182	(186,146)	26,588,706	21,021,469

\$ 0  
 0  
4,707  
 \$ 4,707

Continued from previous page

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

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## CITY OF FORT LAUDERDALE, FLORIDA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Fort Lauderdale, Florida (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The following is a summary of the more significant accounting policies of the City:

- (A) The Financial Reporting Entity - The City was incorporated in 1911, covers an area of approximately 33 square miles and is the county seat of Broward County, Florida. The City is governed by an elected five member commission composed of a Mayor and four District Commissioners and provides services to its approximately 149,500 residents in many areas, including law enforcement, community enrichment and development and various human services. As required by GAAP, these financial statements present the City of Fort Lauderdale (the primary government) and its component units. The component units discussed in note 1(B) below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.
- (B) Individual Component Unit Disclosure - The criteria used for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

The Fort Lauderdale Community Redevelopment Agency (CRA) is governed by a five member board appointed by the City Commission (currently composed of the City Commission, itself). Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated redevelopment areas. The CRA is reported within the special revenue fund type using the blended method. Separate financial information for the CRA can be obtained from the City's Planning and Economic Development Department.

The Sunrise Key Safe Neighborhood Improvement District (SK) is governed by a seven member board appointed by the City Commission. While legally separate from the City, SK is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for

## **CITY OF FORT LAUDERDALE, FLORIDA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996**

the SK. The City Commission has the power to approve, disapprove or modify the budget and millage rates or assessments submitted by the board. Separate financial information can be obtained from the District.

- (C) Related Organizations - The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments.

The City Commission appoints the governing board of the City of Fort Lauderdale Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale (HA). The City is not financially accountable for either the DDA or HA.

- (D) Joint Ventures - The City is a participant with the Performing Arts Center Authority (PACA) and the DDA in a joint venture to own and operate the 950 space Arts and Science District Parking Garage. The City has an ongoing financial interest in this joint venture which is discussed in note 7.

- (E) Basis of Presentation - The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, equities, revenues and expenditures or expenses. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the City:

#### **GOVERNMENTAL FUND TYPES**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than net income. The following are the City's governmental fund types:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

## **CITY OF FORT LAUDERDALE, FLORIDA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996**

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds - Debt service funds are used to account for the annual payment of principal, interest and other expenditures on general long-term debt, other than bonds payable from the operations of the enterprise funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations.

#### **PROPRIETARY FUND TYPES**

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is on determination of net income. The following are the City's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that provide a service to citizens, financed primarily by a user charge, and where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governmental units.

#### **FIDUCIARY FUND TYPES**

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds. The following are the City's fiduciary fund types:

Trust and Agency Funds - Trust and agency funds are used to account for assets held in trust or as an agent by the City for others. The City has two types of trust funds: nonexpendable and pension. Nonexpendable and pension trust funds are accounted for and reported with the proprietary funds. Agency funds are custodial in nature and do not involve measurement of net income.

## **CITY OF FORT LAUDERDALE, FLORIDA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996**

#### **ACCOUNT GROUPS**

Account groups are used to establish accounting controls and accountability for the City's general fixed assets and its general long-term debt. The City's account groups are further described below:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the City, other than those accounted for in the enterprise, internal service and pension trust funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the City except that accounted for in the enterprise funds.

#### **COMPARATIVE TOTAL DATA**

Comparative total data are the aggregate of the fund types, account groups and the discretely presented component unit. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated financial information and are labeled as "memorandum only".

Total data for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations.

- (F) Basis of Accounting - The modified accrual basis of accounting is followed by the governmental and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the related fund liabilities are incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences and longevity pay, which are recognized **when** due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed

## CITY OF FORT LAUDERDALE, FLORIDA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual.

The major utility and franchise taxes are recorded as revenues when earned. Licenses and permits, fines and forfeitures, charges for services, and other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are recorded as revenues in the fiscal year levied, provided they are collected in the current period or within sixty days thereafter. Those remaining uncollected are recorded as deferred revenues. Investment **income** is recorded as revenue when earned. Special assessments are recorded as revenues only to the extent that individual installments are considered available.

The accrual basis of accounting is utilized by proprietary funds and pension and nonexpendable trust funds. Unbilled service receivables have been accrued in the proprietary funds.

(G) Budgetary Data - The City Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted.
- (3) Prior to October 1, the budget is legally enacted.
- (4) The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department must be approved by the City Commission. Unencumbered balances of appropriations lapse at year end.
- (5) Budgets have been adopted for all governmental and proprietary funds except the Law Enforcement Confiscated Property Special Revenue Fund and the capital project funds. The budgets have been adopted on a basis consistent with generally accepted accounting principles with the following exceptions: Advances from other funds are presented as revenues, and encumbrances,

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1996**

advances to other funds and principal on long-term debt of the proprietary funds are presented as expenditures or expenses (see note 3 for further disclosure).

The reported budgetary data represents the final approved budget after amendments adopted by the City Commission with one exception. Budgets for grants and shared revenues from other governmental units which do not lapse at year end are only reported to the extent of revenues recognized and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

- (H) Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.
- (I) Cash and Cash Equivalents - The City considers cash on hand, cash with fiscal agents, demand deposits and bank repurchase agreements as cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.
- (J) Investments - Investments are stated at cost with the exception of those of the Deferred Compensation Plan which are stated at market value. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in the City's investment pool. Income earned from this pool is allocated to the respective funds based upon average monthly balances.
- (K) Inventories - Inventories in the special revenue and capital projects funds are composed of land held for redevelopment or resale and are stated at cost. Inventories of materials and supplies in the general, enterprise and internal service funds are based on year end physical counts priced at weighted average cost. Inventories are recognized as expenditures or expenses when consumed.
- (L) Advances to Other Funds - Long-term interfund advances of the governmental funds are recorded by the advancing fund as a receivable and a reservation of fund balance. Repayments reduce the corresponding receivable and the reserve.

## CITY OF FORT LAUDERDALE, FLORIDA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

- (M) Fixed Assets - Proprietary and Similar Trust Funds - Property, plant and equipment owned by the proprietary and similar trust funds are stated at cost or estimated historical cost. Contributions of fixed assets received from Federal, state or local sources are recorded as contributions when received and are stated at estimated fair market value at the time of acquisition. Depreciation on such externally contributed fixed assets is recorded as a reduction of contributed equity. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures.

Depreciation of plant and equipment is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	20-50 years
Equipment	3-15 years

- (N) General Fixed Assets - General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

Certain improvements, including roads, bridges, curbs and gutters, streets, sidewalks and lighting systems, are not capitalized. Such assets normally are immovable and of value only to the City. No depreciation has been provided on general fixed assets.

- (O) Pension Plans - The City provides separate defined benefit pension plans for general employees and uniformed police and fire department personnel. The City also provides a defined contribution pension plan for general employees not eligible to participate in the defined benefit plan. It is the City's policy to fund the normal cost and amortization of the unfunded prior service cost (see note 13).
- (P) Self-Insurance - The City is self-insured for general liability, automobile liability, workers' compensation and certain death benefits. The operating funds are charged premiums by the City Insurance Internal Service Fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year end including claims incurred and not yet reported.
- (Q) Employee Compensated Absences and Longevity - City employees are granted sick, vacation and longevity pay in varying amounts based on length of service. Compensatory time is granted to employees in lieu of overtime pay at the

## CITY OF FORT LAUDERDALE, FLORIDA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

employee's request. Sick leave payments to terminated employees are based on length of service. Unused vacation pay and compensatory time are paid upon an employee's termination. Longevity pay is paid to eligible employees annually based on length of service. Expenditures for accumulated compensated absences and longevity have been recorded in the governmental funds to the extent that such amounts will be paid from expendable available resources. The remaining portion has been recorded as a liability in the general long-term debt account group. Accumulated compensated absences and longevity are recorded as expenses in the proprietary funds when earned.

- (R) Reserves - Reserves are reported in the various funds to indicate that portion of fund balance/retained earnings legally segregated for specific purposes.
- (S) Landfill Closure Costs - Landfill closure and postclosure care costs represent an estimate of the City's share of total current costs to close and monitor the City's landfill. The landfill is accounted for in the Sanitation Enterprise Fund.
- (T) Proprietary Fund Accounting - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", all proprietary funds will apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City chooses not to follow FASB guidance issued after November 30, 1989 for its proprietary funds.

#### (2) PROPERTY TAXES:

The City's property tax is levied, becomes a lien on real and personal property located in the City and is recorded as a receivable on October 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser. The assessed value at January 1, 1995, upon which the 1995-96 levy was based, was approximately \$9.4 billion.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for General Fund operations exclusive of voted debt levies. Taxes levied for the General Fund for the 1995-96 fiscal year were 5.3907 mills for operations and 0.5162 for debt service.

All taxes are due from property holders on March 31, become delinquent on April 1 and become subject to the issuance of tax sale certificates on June 1. Current tax collections for the year ended September 30, 1996 were approximately 98.0% of the total tax levy.



**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

**(3) COMPARISON OF BUDGET TO ACTUAL RESULTS:**

As discussed in note 1(G)(5), certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments necessary to compare the fund balances of the general and special revenue funds at year end follow:

	<u>General</u>	<u>Special Revenue</u>
Combined statement of revenues, expenditures and changes in fund balances - page 6	\$ 9,774,254	15,234,697
Basis of accounting adjustments:		
Advances from other funds	0	100,000
Advances to other funds	(364,041)	0
Encumbrances	(1,259,027)	0
Equity adjustments:		
Fund balances of non-budgeted funds		
Law Enforcement Confiscated Property Fund	<u>0</u>	<u>(3,034,885)</u>
Combined statement of revenues, expenditures and changes in fund balances - budget and actual (budget basis) - page 8	\$ <u>8,151,186</u>	<u>12,299,812</u>

The Vehicle Rental Fund had an excess of expenses over budget of \$15,133.

**(4) CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

The City maintains a common cash and investment pool for use by all funds. In addition, cash and investments are separately held by the City's general, capital projects, enterprise and trust funds.

**Cash and Cash Equivalents**

At September 30, 1996 the carrying amount of the City's deposits was a negative book balance of \$771,291 with a bank balance of \$467,906. Of the bank balance, \$241,877 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name and \$226,029 was insured via participation by the bank in the Florida Security for Public Deposits Act. Included in the carrying amount of deposits was \$51,417 cash on hand.

# CITY OF FORT LAUDERDALE, FLORIDA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

### Investments

Florida Statutes and City Ordinance authorize City officials to invest pooled funds in United States bonds and obligations, guaranteed United States agency issues, Florida county, municipal and district general, excise and revenue obligations, the Florida State Investment Pool, the Florida Municipal Investment Trust, Florida bank certificates of deposit, bankers acceptances, repurchase agreements, reverse repurchase agreements and prime commercial paper issues. In addition, the trust funds are authorized to invest in corporate bonds and stocks, money market funds, real estate and mortgages and notes.

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's counterparty, or by its trust department or agent, but not in the City's name.

At September 30, 1996 the carrying amount, market value and category of credit risk of the City's investments are as follows:

	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
U.S. Treasury Securities	\$ 5,206,506	58,473,321	2,758,175	66,438,002	67,748,665
U.S. Government Agency Securities	0	65,347,796	1,397,828	66,745,624	66,470,287
Bank Repurchase Agreements	0	0	9,566,000	9,566,000	9,566,000
Corporate Obligations	0	27,372,073	0	27,372,073	27,289,440
Common Stock	0	<u>197,949,956</u>	<u>1,616,041</u>	<u>199,565,997</u>	<u>268,310,219</u>
	<u>\$ 5,206,506</u>	<u>349,143,146</u>	<u>15,338,044</u>	<u>369,687,696</u>	<u>439,384,611</u>
Money Market Mutual Funds				23,681,538	23,680,453
Florida State Investment Pool				133,153,295	133,153,295
Florida Municipal Investment Trust				10,084,536	10,084,536
Real Estate				5,536,648	3,776,565
Deferred Compensation Plan				35,943,368	35,943,368
Other				<u>1,546,762</u>	<u>1,546,762</u>
				<u>\$ 579,633,843</u>	<u>647,569,590</u>

As of September 30, 1996 the Florida State Investment Pool contained certain insignificant floating rate notes, which could be classified as "derivative" investments under GASB Technical Bulletin No. 94-1.

Interest receivable on the City's investment pool amounted to \$45,377 at September 30, 1996.

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

The City's bank repurchase agreements are collateralized at the bank's holding company trust department with securities pledged to the City having a market value of \$9,762,781 at year end. Due to fluctuating cash flows throughout the year, the City's investment in overnight bank repurchase agreements, for which the underlying securities were held by the bank's holding company trust department, varies significantly. As a result, the amounts that were classified in Category 3 during the year at times were higher than at year end.

**(5) INTERFUND RECEIVABLE AND PAYABLE BALANCES:**

Individual interfund receivable and payable balances at September 30, 1996 follow:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
<b>General Fund</b>	<b>\$ 0</b>	<b>0</b>	<b>364,041</b>	<b>0</b>
<b>Special Revenue Funds</b>				
Intergovernmental Revenue	0	0	0	100,000
<b>Capital Projects Funds:</b>				
General Capital Projects	0	0	328,663	0
General Obligation Construction 1987	227,220	0	0	0
Excise Tax Construction 1993	0	112,220	0	0
Sunshine State Construction 1996	0	115,000	0	0
<b>Enterprise Funds:</b>				
Water and Sewer	0	0	100,000	0
Parking System	2,126,350	0	0	0
Airport	0	0	0	692,704
<b>Trust Funds:</b>				
General Reserve Endowment	0	44	0	0
Perpetual Care	44	0	0	0
General Employees' Pension	0	900,447	0	0
Police and Fire Pension	0	1,225,903	0	0
	<u>\$ 2,353,614</u>	<u>2,353,614</u>	<u>797,704</u>	<u>792,704</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

**(6) FIXED ASSETS:**

The components of fixed assets at September 30, 1996 follow:

	<u>Proprietary Funds</u>			<u>General Fixed Assets Account Group</u>	<u>Total</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Trust Funds</u>		
Land	\$ 15,472,886	0	0	23,530,468	39,003,354
Buildings	166,971,678	45,829	0	73,444,037	240,461,544
Improvements	189,454,987	672,921	0	38,427,933	228,555,841
Equipment	20,085,419	29,846,469	62,639	22,691,965	72,686,492
Work in Progress	<u>10,108,976</u>	<u>520,142</u>	<u>0</u>	<u>1,307,333</u>	<u>11,936,451</u>
	402,093,946	31,085,361	62,639	159,401,736	592,643,682
Less Accumulated Depreciation	<u>120,549,615</u>	<u>16,820,466</u>	<u>45,112</u>	0	<u>137,415,193</u>
	\$ <u>281,544,331</u>	<u>14,264,895</u>	<u>17,527</u>	<u>159,401,736</u>	<u>455,228,489</u>

The following tables summarize changes in components of the general fixed assets account group:

	<u>Balance October 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 1996</u>
Land	\$ 23,530,357	111	0	23,530,468
Buildings	72,429,030	1,015,007	0	73,444,037
Improvements	38,186,378	241,555	0	38,427,933
Equipment	21,098,272	2,129,326	535,633	22,691,965
Work in Progress	<u>1,749,465</u>	<u>925,510</u>	<u>1,367,642</u>	<u>1,307,333</u>
	\$ <u>156,993,502</u>	<u>4,311,509</u>	<u>1,903,275</u>	<u>159,401,736</u>

The sources of general fixed assets acquired follow:

General Fund	\$ 18,227,700
Special Revenue	22,720,857
Capital Projects	100,677,399
Enterprise	286,963
Contributed	1,914,761
Assets acquired prior to October 1, 1974 - sources undetermined	<u>15,574,056</u>
	\$ <u>159,401,736</u>

## CITY OF FORT LAUDERDALE, FLORIDA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

#### (7) INVESTMENT IN JOINT VENTURE:

The City has entered into agreements with the Performing Arts Center Authority (PACA) and the City of Fort Lauderdale Downtown Development Authority (DDA) for the construction and operation of a 950 space parking garage in the Arts and Science District of the City. The City, as operating agent, has full and exclusive responsibility for operation and maintenance of the garage which is being accounted for as a joint venture in the Parking System Fund using the equity method of accounting.

The City collects all revenues and pays all operating expenses associated with the garage and determines the allocation to each of the participants on a monthly basis. Net income for the year was \$482,440 which was derived exclusively from operations. The equity interests of the City, the PACA and the DDA totaled \$1,449,287, \$1,665,224 and \$780,741, respectively at September 30, 1996. Separate financial statements for the joint venture can be obtained from the City's Finance Department.

#### (8) RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City Insurance Internal Service Fund is used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation, general liability, auto liability and, police professional liability as specified by applicable Federal and state statutes. The City purchases commercial insurance for workers' compensation claims in excess of \$600,000 for general employees and \$750,000 for police officers and firefighters with limits of \$10 million per accident. In addition, property insurance is purchased for City structures with values generally greater than \$100,000 with total limits in force of \$250 million. Settled claims have never exceeded the City's retention and excess coverage in force.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims and to provide fund equity for catastrophic losses. The estimated insurance claims payable at September 30, 1996 of \$15,571,419 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balance of estimated insurance claims payable for the fiscal years ended September 30, 1995 and 1996 follow:

	Balance October 1,	New Claims and Changes in Estimates	Claim Payments	Balance September 30,
Fiscal Year Ending in:				
1995	\$ 13,159,004	7,100,862	5,323,526	14,936,340
1996	14,936,340	5,146,950	4,511,871	15,571,419

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

(9) LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 1996:

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>General Long-Term Debt</u>
Payable at October 1, 1995	\$ 67,168,621	213,049	85,850,076
<b>New Debt Issued:</b>			
<b>Sunshine State Financing Commission Loan</b>	<b>0</b>	0	6,000,000
<b>Debt Retired:</b>			
<b>General Obligation Bonds</b>	(670,000)	0	(2,400,000)
<b>Excise Tax Bonds</b>	(860,000)	0	(3,875,000)
<b>Revenue Bonds</b>	(3,170,000)	0	0
<b>Tax Increment Revenue Bonds</b>	<b>0</b>	0	(235,000)
<b>Special Assessment Debt with Government Commitment</b>	<b>0</b>	0	(1,187,679)
<b>Promissory Note</b>	<b>0</b>	0	<b>(100,000)</b>
<b>Net Change in Accrued Compensated Absences and Longevity</b>	<b>(122,841)</b>	<u>13,405</u>	<u>1,834,510</u>
Payable at September 30, 1996	\$ <u>62,345,780</u>	<u>226,454</u>	<u>85,886,907</u>

Bonds, Notes and Loans Payable at September 30, 1996 consists of:

	<u>Enterprise Funds</u>	<u>General Long-Term Debt</u>
<b>General Obligation Bonds</b>	\$ <b>505,000</b>	33,310,000
<b>Excise Tax Bonds</b>	9,955,000	22,485,000
<b>Water and Sewer Revenue Bonds</b>	28,035,000	<b>0</b>
<b>Tax Increment Revenue Bonds</b>	<b>0</b>	6,100,000
<b>Sunshine State Financing Commission Loan</b>	<b>0</b>	6,000,000
<b>Promissory Notes</b>	<u><b>0</b></u>	<u><b>142,640</b></u>
	\$ <u>38,495,000</u>	<u>68,037,640</u>

Bonds outstanding at September 30, 1996 mature in varying amounts during succeeding fiscal years through 2012. Interest rates are as follows: 4.0% to 6.3% on general obligation bonds, 3.75% to 6.6% on excise tax bonds, 4.25% to 5.7% on water and sewer revenue bonds, 4.7% to 6.2% on tax increment revenue bonds and 6.16% on the promissory note. The Sunshine State Financing Commission Loan carries a variable rate, which was approximately 4.0% at year end.

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 1996 (in thousands) follow:

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1996**

Fiscal Year Ending In:	<u>Enterprise Funds</u>			<u>General Long-Term Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>1997</b>	\$ 4,645	1,997	6,642	6,730	3,467	10,197
<b>1998</b>	4,125	1,791	5,916	6,058	3,218	9,276
<b>1999</b>	4,085	1,588	5,673	4,800	2,825	7,625
<b>2000</b>	4,080	1,378	5,458	4,855	2,592	7,447
<b>2001</b>	4,175	1,160	5,335	5,130	2,346	7,476
<b>2002-2006</b>	13,355	3,236	16,591	29,250	7,375	36,625
<b>2007-2011</b>	4,030	346	4,376	10,645	929	11,574
<b>2012</b>	0	0	0	5 7 0	36	606
	<u>\$ 38,495</u>	<u>11,496</u>	<u>49,991</u>	<u>68,038</u>	<u>22,788</u>	<u>90,826</u>

**Water** and Sewer Revenue Bonds are secured by a pledge of the net revenues of the City's water and sewer system. General Obligation Bonds are secured by the full faith and credit of the City. The Excise Tax Bonds are secured by a pledge of certain utility service, cigarette and franchise taxes. In addition, the City of Pompano Beach, Florida has contractually agreed to pay 39% of the debt service costs on the \$9.2 million Excise Tax Improvement Bonds, Series 1992 which were used to fund an 800 MHz public safety communications system for both cities. Tax Increment Revenue Bonds are secured by a pledge of the net revenues of the City's parking system. The Sunshine State Financing Commission Loan is secured by a pledge of non-ad valorem tax revenues and a covenant to budget and appropriate.

The bond resolutions of the various Excise Tax Improvement and Revenue Bond issues require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. The City maintains a municipal bond debt service reserve fund insurance policy to satisfy this requirement for its outstanding Excise Tax Improvement Bonds, thereby eliminating the need to set aside funds for this purpose. At September 30, 1996 funds available met debt service requirements for Revenue Bonds.

The City has refinanced various bond issues through the issuance of refunding bond issues. The proceeds from the refunding issues have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities, which together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the issues refunded. The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. Defeased debt outstanding at September 30, 1996 is as follows:

<u>Series</u>	<u>Issue</u>	<u>Amount</u>
1973	Water and Sewer Revenue	\$ 1,590,000
1978	Water and Sewer Revenue	16,000,000
1987	General Obligation Bonds	<u>30,900,000</u>
		<u>\$ 48,490,000</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

On September 25, 1996 the City entered into a 15 year loan agreement with the Sunshine State Government Financing Commission (SSGFC) for \$6,000,000. The SSGFC was created by interlocal agreement among several Florida governmental entities to provide low cost loans to local governments maintaining debt ratings of A or better. The SSGFC issues tax exempt Commercial Paper, the proceeds of which are loaned to qualifying governments. The Commercial Paper is remarketed as it matures and the debt is serviced by monthly principal and interest payments from the participating governments. The proceeds from the loan are being utilized for certain specific capital improvements.

**(10) ESTIMATED LANDFILL CLOSURE COSTS:**

The Wingate landfill and incinerator was an active disposal site from 1954 to 1978. This landfill has been designated by the Environmental Protection Agency (EPA) as a superfund site requiring the City to take remedial action. Based on the results of a Remedial Investigation and Feasibility Study, the EPA has recommended a single layer cap to remediate this site. A liability in the amount of \$20,500,000 has been recorded in the Sanitation Enterprise Fund representing the 1995 present value of the estimated City share of closure and postclosure care of the site. This liability is composed of administrative, legal, remedial design, remedial construction, regulatory and related future postclosure costs. During the year, the City met with 37 identified potential responsible parties as part of its continuing effort to identify, for cost sharing purposes, those parties that contributed to the problems at the landfill. The receivable from these parties should be finalized during the next fiscal year. It is anticipated, that postclosure costs will be financed with revenue bonds.

**(11) CONTRIBUTIONS:**

The enterprise and internal service funds receive permanent contributions of capital from certain government agencies and other sources. Most of these contributions are restricted by the contributing government agency to the acquisition or construction of capital facilities. The additions and major sources of contributions are as follows:

	<u>Water and Sewer</u>	<u>Other Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Contributions at October 1, 1995	\$ 104,413,113	10,981,786	11,799,531	127,194,430
Additions (Deletions):				
Other Funds (Net)	0	28,818	578,704	607,522
Developers	398,385	0	0	398,385
Other	60,847	0	0	60,847
Current Year Depreciation	<u>(2,120,232)</u>	<u>(410,854)</u>	<u>(25,862)</u>	<u>(2,556,948)</u>
Contributions at September 30, 1996	\$ <u>102,752,113</u>	<u>10,599,750</u>	<u>12,352,373</u>	<u>125,704,236</u>



**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996**

**(12) RETAINED EARNINGS/FUND BALANCES:**

**Reserves have been established in the various funds to comply with generally accepted accounting principles or covenants contained in the bond resolutions of the revenue bond issues. In addition, portions of the unreserved fund balances have been designated for subsequent years' expenditures.**

**At September 30, 1996 the components of Retained Earnings/Fund Balances consist of the following:**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
<b>Retained Earnings:</b>			
<b>Reserved for</b>			
Revenue Bond Retirement	\$ 3,753,907	0	3,753,907
Replacement and Improvement	5,972,387	0	5,972,387
Regional Capital Improvements	10,494,807	0	10,494,807
Unreserved	<u>187,888,871</u>	<u>6,098,666</u>	<u>193,987,537</u>
	<b>\$ <u>208,109,972</u></b>	<b><u>6,098,666</u></b>	<b><u>214,208,638</u></b>

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Total</u>
<b>Fund Balances:</b>						
<b>Reserved for</b>						
Encumbrances	\$ 1,259,027	<b>7,505</b>	0	3,624,689	0	4,891,221
Inventories	202,781	10,266,524	0	6,750	0	10,476,055
Advances to Other Funds	364,041	<b>0</b>	<b>0</b>	328,663	0	692,704
Retirement	0	<b>0</b>	<b>0</b>	0	375,120,483	375,120,483
Endowments	0	<b>0</b>	0	0	8,555,525	8,555,525
Debt Service	0	<b>0</b>	354,391	0	0	354,391
<b>Unreserved</b>						
Designated for Subsequent Years' Expenditures	5,688,527	1,952,998	0	13,433,850	0	21,075,375
Undesignated	<u>2,259,878</u>	<u>3,007,670</u>	<u>0</u>	<u>3,169,448</u>	<u>                    </u>	<u>8,436,996</u>
	<b>\$ <u>9,774,254</u></b>	<b><u>15,234,697</u></b>	<b><u>354,391</u></b>	<b><u>20,563,400</u></b>	<b><u>383,676,008</u></b>	<b><u>429,602,750</u></b>

**At September 30, 1996 the following funds had deficit balances in retained earnings that were either fully or partially offset by accumulated contributions:**

	<u>Retained Earnings</u>	<u>Contributions</u>	<u>Fund Equity</u>
<b>Sanitation Fund</b>	\$ (18,113,548)	1,514,100	(16,599,448)
<b>City Insurance Fund</b>	(1,842,615)	<b>802,315</b>	(1,040,300)
<b>Central Services Fund</b>	<b>(327,205)</b>	6,633,631	6,306,426

**The Sanitation Fund deficit resulted from its estimated landfill closure liability of \$20,500,000 which is further described in note 10. The deficit in the City Insurance Fund is being made up**

## CITY OF FORT LAUDERDALE, FLORIDA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS SEPTEMBER 30, 1996

over a three year period through increased premiums charged to the operating funds. The deficit in the Central Services Fund resulted solely from the annual depreciation of over \$6 million in contributed fixed assets.

#### (13) EMPLOYEE RETIREMENT SYSTEMS:

##### Plan Descriptions - Defined Benefit Plans

##### General Employees Retirement System

The General Employees Retirement System is a single-employer defined benefit plan which covers all City employees except police and firefighters. The City's payroll for employees covered by the plan applicable to the October 1, 1995 actuarial valuation was approximately \$42,719,000. The total City payroll at that time was approximately \$86,705,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	886
Fully, partially and non-vested active plan participants	1,261

Under the vesting provisions of the plan, most employees are entitled to a percentage, ranging from 40% for 8 years of service to 100% for 10 years of service, of normal retirement benefits beginning at age 58. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 4% to 6% of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plans actuaries as of October 1 each year.

##### Police and Firefighters Retirement System

The Police and Firefighters Retirement System is a single-employer defined benefit plan which covers all police and firefighters. The City's payroll for employees covered by the plan applicable to the January 1, 1996 actuarial valuation was approximately \$32,950,000. The total City payroll at that time was approximately \$86,681,000. As of the valuation date, employee membership data related to the pension plan was as follows:

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Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	491
Fully, partially and non-vested active plan participants	725

Under the vesting provisions of the plan, employees are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 47 or 50. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 6% to 7% of their earnings to the plan. In addition, contributions are received from the State of Florida. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of January 1 each year.

Funding Status and Progress

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is called the "actuarial present value of credited projected benefits" and is independent of the funding method used to determine contributions to the plan.

The pension benefit obligations of the plans were computed as part of actuarial valuations performed as of October 1, 1995 for the General Employees Retirement System and January 1, 1996 for the Police and Firefighters Retirement System. Significant actuarial assumptions used in the valuations and the pension benefit obligations of the plans as of the valuation dates were as follows:

	<u>General Employees</u>	<u>Police and Firefighters</u>
Actuarial Assumptions:		
Annual rate of return on investment of present and future assets	7.5%	8%
Projected annual salary increases attributable to inflation	4.5%	5%
Additional projected annual salary increases attributable to seniority/merit	0%-2.4%	0%-3%
Post retirement benefit increases	None	None

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	<u>General Employees</u>	<u>Police and Firefighters</u>	<u>Total</u>
Pension Benefit Obligation			
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 90,588,000	128,989,000	219,577,000
Current employees			
Accumulated employee contributions including allocated investment earnings	19,089,000	17,477,000	36,566,000
Employer-financed vested	56,416,000	88,371,000	144,787,000
Employer-financed nonvested	<u>4893,000</u>	<u>11,562,000</u>	<u>16,455,000</u>
Total pension benefit obligation	170,986,000	246,399,000	417,385,000
Net assets available for benefits, at cost	<u>151,890,000</u>	<u>196,943,000</u>	<u>348,833,000</u>
Unfunded pension benefit obligation	\$ <u>19,096,000</u>	<u>49,456,000</u>	<u>68,552,000</u>

The market value of net assets available for benefits was \$168,636,000 for the General Employees plan and \$238,935,000 for the Police and Firefighters plan.

During the year there was a net change of \$8,662,195 in the pension benefit obligation for the General Employees plan of which \$556,497 was attributable to changes in benefit provisions. There was also a change of \$13,374,470 in the pension benefit obligation for the Police and Firefighters plan.

Actuarially Determined Contribution Requirements and Contributions Made

The funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the individual entry age actuarial funding method for both plans. The General Employees plan uses the level dollar method to amortize the unfunded actuarial accrued liability over a closed 40 year period. The Police and Firefighters plan uses the level percentage of payroll method over a period of 20 to 40 years.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described under funding status and progress, above.

The contribution requirements determined through actuarial valuations performed as of October 1, 1995 for the General Employees plan and January 1, 1995 for the Police and Firefighters plan and actual contributions made for 1995 were as follows:

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	<u>General Employees</u>		<u>Police and Firefighters</u>	
	<u>Amount</u>	<u>Percent of Payroll</u>	<u>Amount</u>	<u>Percent of Payroll</u>
Contribution Requirements:				
Normal cost	\$ 5,809,763	13.6%	7,249,210	23.2%
Unfunded actuarial accrued liability	<u>1,708,754</u>	<u>4.0</u>	<u>4,603,169</u>	<u>14.7</u>
	\$ <u>7,518,517</u>	<u>17.6%</u>	<u>11,852,379</u>	<u>37.9%</u>
Contributions Made:				
City	\$ 5,091,855	11.9%	8,008,653	25.6%
Employees	2,790,571	6.6	2,421,531	7.7
State of Florida	<u>0</u>	<u>0.0</u>	<u>2,217,051</u>	<u>7.1</u>
	\$ <u>7,882,426</u>	<u>18.5%</u>	<u>12,647,235</u>	<u>40.4%</u>

During the year benefit changes and changes required to comply with Florida statutes impacted the City contribution requirements for the General Employees plan by approximately \$57,000 and \$(515,000), respectively. For the Police and Firefighters plan, the impact of benefit changes, compliance with Florida statutes and changes in actuarial assumptions were approximately \$872,000, \$789,000 and \$(1,503,000), respectively.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to, pay benefits when due. As of the valuation dates indicated, three year historical trend information on the plans using market values is as follows:

	<u>General Employees</u>			<u>Police and Firefighters</u>		
	<u>As of October 1</u>			<u>As of January 1</u>		
	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
<b>Net assets available for benefits as a percentage of pension benefit obligation</b>	<b>98.6%</b>	<b>90.1%</b>	<b>88.6%</b>	<b>97.0%</b>	<b>80.9%</b>	<b>89.3%</b>
<b>Unfunded pension benefit obligation as a percentage of annual covered payroll</b>	<b>5.5%</b>	<b>38.6%</b>	<b>43.8%</b>	<b>22.7%</b>	<b>141.9%</b>	<b>76.2%</b>
<b>City contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll</b>	<b>11.9%</b>	<b>14.9%</b>	<b>12.0%</b>	<b>21.5%</b>	<b>25.6%</b>	<b>21.7%</b>

Ten year historical trend information is presented in separately issued financial statements for the Police and Firefighters Plan and in the statistical section of this report for the General Employees' Plan. This information is useful in assessing the accumulation of sufficient assets to pay pension benefits as they become due.

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Plan Descriptions - Defined Contribution Plans

General Employees Special Class Plan

The General Employees Special Class Plan is a single-employer defined contribution plan which covers all classified City employees (except police and firefighters) who are not eligible to participate in the General Employees Retirement System. The City's current year payroll for employees covered by the plan was approximately \$824,000. The total City payroll for the year was approximately \$89,370,000.

The City contribution requirement of 9% on earnings of participants was paid on a biweekly basis and amounted to \$74,159 for the current year. Employee contributions are neither required or permitted under the plan.

Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

City Manager Retirement Plan

The City Manager Retirement Plan is a single-employer defined contribution plan. The City Manager is the only eligible participant in the plan.

The City is required to contribute 21.47% on earnings of the City Manager in June of each year. This contribution requirement was met and amounted to \$24,472 on earnings of \$113,984. The total City payroll for the year was approximately \$89,370,000. Contributions by the City Manager are neither required or permitted under the plan.

The plan provides for 100% vesting in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

(14) OTHER POSTEMPLOYMENT BENEFITS:

The City provides a postemployment health insurance benefit for its sworn police officers. Under the agreement police officers are paid from \$100 to \$300 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is funded on a pay-as-you-go basis by the General Fund. As of September 30, 1996 there were 66 retired police officers receiving the benefit with an additional 452 officers eligible for participation in the future. Monthly payments totaled \$123,100 for the year.

(15) DEFERRED COMPENSATION PLAN:

The City offers a deferred compensation plan to its employees in addition to the pension plans. Participation is optional. All amounts of compensation deferred, all property or rights to property purchased with amounts deferred, and any income earned on property purchased

# CITY OF FORT LAUDERDALE, FLORIDA

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with amounts deferred remain assets of the City subject to the claims of its general creditors until withdrawn by the employee participant. Although the City has no liability for losses under the plan, it does have the duty of due care that would be required of an ordinary prudent investor. It is anticipated that the City will never use the assets to satisfy claims of general creditors in the future.

### (16) OTHER INCOME:

The components of other income on the combined statement of revenues, expenditures and changes in fund balances - all governmental fund types follow:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Interfund Service Charges</b>	\$ 10,404,906	<b>6,502</b>	0	0	10,411,408
<b>Assessments and Impact Fees</b>	<b>229,077</b>	<b>0</b>	0	1,165,947	1,395,024
<b>Interest</b>	<b>957,975</b>	<b>306,617</b>	<b>109,138</b>	1,023,960	2,397,690
<b>Rents and Concessions</b>	1,809,708	<b>0</b>	<b>0</b>	<b>0</b>	1,809,708
<b>Sale of Property</b>	<b>33,299</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,299</b>
<b>Contributions and Donations</b>	<b>21,578</b>	<b>0</b>	<b>0</b>	<b>66,326</b>	<b>87,904</b>
<b>Miscellaneous</b>	<u><b>241,605</b></u>	<u><b>157,188</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>398,793</b></u>
	<b>\$ 13,698,148</b>	<b>470,307</b>	<b>109,138</b>	<b>2,256,233</b>	<b>16,533,826</b>

### (17) EQUITY TRANSFERS:

Transfers of equity between funds are recorded as equity transfers in the governmental funds and as equity transfers or as additions to and deletions of contributions in the enterprise and internal service funds. A summary of these transactions for the year ended September 30, 1996 follows:

	<u>Equity Transfers Out</u>	<u>Additions To Contributions</u>	<u>Total</u>
<b>Governmental Funds</b>	\$ (396,271)	0	(396,271)
<b>Enterprise Funds</b>	(28,818)	28,818	0
<b>Internal Service Funds</b>	<u>0</u>	<u>396,271</u>	<u>396,271</u>
	<b>\$ (425,089)</b>	<b>425,089</b>	<u><b>0</b></u>

### (18) OPERATING LEASES:

On September 1, 1962 the City entered into a lease agreement with Bahia Mar Yachting Center, Inc. (Bahia Mar) for the purpose of constructing and operating a restaurant, lounge, yacht club, motel/hotel, convention hall, marine facilities and other similar businesses. The cost of the property at the inception of the lease was \$552,000. On June 30, 1994 this lease was assumed by RAHN Bahia Mar, LTD. and, as amended, will terminate on August 31, 2062, at which time, all additions to the property originally leased to Bahia Mar will revert to the City.

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The lease agreement provides for a minimum guaranteed annual rental of \$300,000 per year. In addition, the City receives contingent rentals (\$303,923 in 1996) based upon escalating percentages of gross receipts for the duration of the agreement.

The City has **various aviation leases and nonaviation** land leases which are accounted for as operating leases in the Airport Fund. Minimum future rentals on these leases as of September 30, 1996 follow:

	<u>Aviation Leases</u>	<u>Land Leases</u>	<u>Total</u>
Fiscal Year Ending in:			
1997	\$ 663,419	1,763,035	2,426,454
1998	659,506	1,763,035	2,422,541
1999	659,506	1,763,035	2,422,541
2000	659,506	1,763,035	5422,541
2001	659,506	1,763,035	2,422,541
Later Years	<u>11,764,165</u>	<u>56,660,367</u>	<u>68,424,532</u>
	<u>\$ 15,065,608</u>	<u>65,475,542</u>	<u>80,541,150</u>

Contingent rentals on these leases amounted to \$784,640 in the current year.

(19) SEGMENTS OF ENTERPRISE ACTIVITIES:

Various services provided by the City are financed by user charges including water and sewer, sanitation, parking, airport and stormwater. The key financial information (in thousands) for the year ended September 30, 1996 for these services follow:

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Parking System</u>	<u>Airport</u>	<u>Stormwater</u>	<u>Total</u>
<b>Operating Revenues</b>	<b>\$ 49,471</b>	<b>16,514</b>	<b>6,300</b>	<b>3,328</b>	<b>2,981</b>	<b>78,594</b>
<b>Depreciation</b>	<b>6,779</b>	<b>265</b>	<b>672</b>	<b>588</b>	<b>26</b>	<b>8,330</b>
<b>Discount Amortization</b>	<b>42</b>	<b>0</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>111</b>
<b>Operating Income</b>	<b>7,586</b>	<b>1,635</b>	<b>1,969</b>	<b>136</b>	<b>1,577</b>	<b>12,903</b>
<b>Operating Transfers In</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>170</b>
<b>Operating Transfers Out</b>	<b>1,641</b>	<b>0</b>	<b>1,195</b>	<b>70</b>	<b>0</b>	<b>2,906</b>
<b>Net Income</b>	<b>9,194</b>	<b>1,657</b>	<b>498</b>	<b>611</b>	<b>1,904</b>	<b>13,864</b>
<b>Capital Contributions</b>	<b>459</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>488</b>
<b>Fixed Asset Additions</b>	<b>9,657</b>	<b>134</b>	<b>1,241</b>	<b>1,030</b>	<b>82</b>	<b>12,144</b>
<b>Fixed Asset Deletions</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Net Working Capital</b>	<b>42,705</b>	<b>2,727</b>	<b>7,349</b>	<b>7,696</b>	<b>7,144</b>	<b>67,621</b>
<b>Total Assets</b>	<b>333,170</b>	<b>5,202</b>	<b>31,581</b>	<b>18,079</b>	<b>7,620</b>	<b>395,652</b>
<b>Long-Term Bonds</b>	<b>28,540</b>	<b>0</b>	<b>9,955</b>	<b>0</b>	<b>0</b>	<b>38,495</b>
<b>Other Long-Term Liabilities</b>	<b>0</b>	<b>20,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,500</b>
<b>Total Equity</b>	<b>291,985</b>	<b>(16,599)</b>	<b>21,604</b>	<b>17,112</b>	<b>7,360</b>	<b>321,462</b>



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(20) COMMITMENTS AND CONTINGENT LIABILITIES:

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 1996:

<u>Water and Sewer Fund</u>	
Injection Well Program	\$ 1,285,797
Collection and Distribution Systems	3,478,922
Water Treatment Plant Improvements	920,973
Other	<u>1,338,625</u>
	<u>7,024,317</u>
<u>Airport Fund</u>	
Taxiway Improvements	81,544
Downtown Heliport	<u>48,699</u>
	<u>130,243</u>
<u>Stormwater Fund</u>	
Storm Drainage	<u>175,632</u>
	<u>\$ 7,330,192</u>

In connection with the issuance by the Performing Arts Center Authority (PACA) of a \$9,885,000 revenue bond issue needed to complete construction of the center, the City has made a pledge of the net revenue of the parking system in an amount not to exceed \$500,000 annually should certain PACA revenues be insufficient to pay the debt service on the bonds. At September 30, 1996 the remaining principal outstanding on this issue was \$8,760,000.

On August 9, 1990 the City's wastewater biosolids compost plant was voluntarily taken out of service due to mechanical and odor control system problems. To address the disposal of the wastewater solids generated at the City's regional wastewater treatment plant, the City determined, **from** both an economic and regulatory standpoint, that the most viable solution was land application of the solids under a long-term lease arrangement. The cost of the existing plant, which currently has a book value of \$23.5 million, was partially reimbursed by \$15.8 million in Environmental Protection Agency (EPA) grant funds and the City is negotiating with the EPA on whether those funds would have to be repaid if the compost plant is closed permanently. If that were to occur, the City would then upgrade the existing plant at an estimated cost of \$7 million and reinstate its operation in lieu of repaying the grant.

The City participates in a number of state and Federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As provided by terms of their grant, the EPA conducted an interim audit of the compost plant project in 1994 and requested reimbursement of \$1 million at that time. The

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City has vigorously disputed the EPA's findings and the situation remains unchanged at this time. No liability has been recognized in the Water and Sewer Fund for this contingency as it is management's belief that the final resolution will not have a material impact on the City's financial statements.

The Environmental Protection Agency has conducted a remedial investigation at the City's Peele Dixie wellfield site to determine the source of ground water contamination. A primary source for the contamination was determined by the EPA to be a former waste oil reclamation facility. Based upon this information, the City firmly believes that it will not incur additional expenses toward the remediation of the contaminated wellfield site.

Various substantial lawsuits have been filed against the City including personal injury claims, liability claims related to police activities and general liability claims. The estimated liabilities related to the various claims have been accrued in the City Insurance Internal Service Fund. In the opinion of City management, the expected liability for these claims would not materially exceed the amounts recorded in the financial statements.